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SCANA COMMUNICATIONS, INC.

TESTIMONY OF MICHAEL D. BLACKWELL

BEFORE THE SOUTH CAROLINA PUBLIC SERVICE COMMISSION

MAY 30 1996

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DOCKET NO. 96-089-C

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Q. PLEASE STATE YOUR NAME, POSITION, AND BUSINESS ADDRESS.

A. My name is Michael D. Blackwell. I am the Executive Vice President and General Manager of SCANA Communications, Inc. ("SCI"), formerly known as MPX Systems, Inc. My business address is 440 Knox Abbott Drive, Suite 240, Cayce, South Carolina 29033.

Q. PLEASE DESCRIBE YOUR BUSINESS EXPERIENCE AND BACKGROUND.

A. I joined SCI in October, 1991. Prior to joining SCI, I worked for Southern Bell, AT&T and other telecommunications related companies.

Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THIS COMMISSION?

A. No.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to describe SCI's Application, SCI's corporate structure, SCI's financial, technical and managerial resources, SCI's current South Carolina network, and to briefly share with the Commission some of the public benefits resulting from SCI's services.

Q. DOES SCI CURRENTLY PROVIDE ANY WIRELINE TELEPHONY SERVICES IN SOUTH CAROLINA?

A. Yes. SCI provides fiber capacity to several certificated carriers and private line/special access providers.

Q. IS SCI CERTIFICATED TO PROVIDE INTRASTATE SERVICES IN SOUTH CAROLINA?

1 A. No, SCI is not currently certificated. In fact, SCI has filed its Application for a
2 certificate in this docket in order to resolve any uncertainty as to its regulatory
3 status. By filing our application for carrier's carrier and private line/special
4 access services, we plan to continue to provide the same quality services
5 provided today. These services are technically similar to services provided by
6 others in South Carolina.

7 Q. PLEASE DESCRIBE THE AUTHORITY THAT SCI SEEKS IN ITS APPLICATION.

8 A. In our Application, we seek authority to provide (1) intrastate carrier's carrier
9 services on a state-wide basis and (2) intrastate, non-switched, special access
10 and private line services in BellSouth's South Carolina operating territory (as of
11 the date of our Application).

12 Q. PLEASE DESCRIBE SCI'S CORPORATE STRUCTURE AND AUTHORITY.

13 A. SCANA Communications, Inc. is a wholly owned subsidiary of SCANA
14 Corporation.

15 Q. PLEASE DESCRIBE THE MANAGERIAL AND TECHNICAL QUALIFICATIONS OF
16 SCI.
17

18 A. SCI's management has extensive business and technical experience in
19 operating telecommunications networks as is described in Exhibit C to SCI's
20 Application. Further as described in our Application at page 2, SCI has owned
21 fiber optic facilities in South Carolina since approximately 1985 and currently
22 has approximately 180 miles of fiber optic line in use in South Carolina. Much
23 of SCI's fiber capacity is marketed by PalmettoNet, Inc. ("PalmettoNet"), a
24 carrier's carrier, to other interexchange service providers in South Carolina.

25 Q. PLEASE DESCRIBE THE FINANCIAL QUALIFICATIONS OF SCI.

1 A. SCI is financially qualified to provide telecommunications services in South
2 Carolina. As described in Exhibit D to SCI's Application, SCI has the financial
3 ability to provide the services for which authority is sought in its Application.
4 Further, SCI has demonstrated since approximately 1985 its financial ability to
5 properly operate and maintain its communications facilities.

6 Q. PLEASE DESCRIBE SCI'S SOUTH CAROLINA FIBER OPTIC NETWORK
7 INCLUDING THE AREA TO BE SERVED BY THE NETWORK.
8

9 A. SCI's network is a fiber optic network extending, generally, from Columbia and
10 the surrounding metropolitan area to Charleston and the surrounding
11 metropolitan area via Orangeburg, St. George, Summerville and other
12 intermediate destinations. The network also contains a southern route
13 extending from St. George to Beaufort via Walterboro and Yemassee. SCI's
14 network is more fully described in Exhibit B to SCI's Application.

15
16 As indicated in the Application, SCI seeks authority to provide carrier's carrier
17 services on a state-wide basis, as well as private line and special access
18 services in those areas served by BellSouth as of the date of SCI's Application.
19

20 Q. PLEASE DEFINE THE TERMS "CARRIER'S CARRIER SERVICES," "SPECIAL
21 ACCESS SERVICES," AND "PRIVATE LINE SERVICES."
22

23 A. Carrier's carrier services provide transmission capacity through non-switched,
24 point-to-point, private line services to carriers of telecommunications service
25 authorized to do business by this Commission and/or the Federal
26 Communications Commission. I am informed and believe that this Commission
27 previously has authorized PalmettoNet, Interstate FiberNet, DukeNet and

1 CaroNet to provide such services, and SCI seeks similar authority in this
2 docket.

3 Private line service is simply a non-switched, dedicated telecommunications
4 connection between two points. Special access service is a type of private line
5 service that is non-switched, dedicated to one customer, and connects a
6 customer's premises to an interexchange carrier's point of presence. I am
7 informed and believe that this Commission previously has authorized American
8 Communications Services, Inc. to provide such services and SCI seeks similar
9 authorization in this docket.
10

11 Q. PLEASE BRIEFLY DESCRIBE THE PUBLIC BENEFITS WHICH RESULT FROM THE
12 AVAILABILITY OF THESE SERVICES.

13
14 A. First, the availability of carrier's carrier services promotes competition in South
15 Carolina which, ultimately, results in lower prices and communications facilities
16 being utilized more efficiently. Thus, as the Commission recognized in the
17 1985 docket in which PalmettoNet sought carrier's carrier authority, the first
18 carrier's carrier docket in South Carolina with which I am familiar, the
19 competition which results from the availability of carrier's carrier services
20 promotes better service at lower prices for South Carolina consumers. (Docket
21 No. 85-157-C; Order No. 85-813 at page 9)

22
23 Second, the availability of special access and private line services also
24 promotes competition in South Carolina which benefits consumers. As the
25 Commission noted in its Order granting a Certificate of Public Convenience and

1 Necessity to American Communications Services, Inc., the availability of private
2 line and special access services promotes route diversity, increased network
3 reliability, enhanced security, network redundancy, price competition and
4 expanded choices between telecommunication services and providers for South
5 Carolina's consumers. (Docket No. 94-712-C; Order No. 95-1459 at page 7)

6
7 Finally, access to quality telecommunications infrastructure is becoming a
8 significant factor in businesses' choice of location. As more and more
9 businesses, such as data processing firms, telemarketing firms, and financial
10 institutions, require high capacity telecommunications networks, the availability
11 of quality telecommunications infrastructure is an increasingly important
12 consideration in deciding where to physically locate. Thus, the availability of
13 fiber optic facilities for private line and special access services in South Carolina
14 has the potential to significantly enhance the State's ability to attract
15 information and communications intensive business ventures to the state.

16 Q. DO YOU BELIEVE THAT EXISTING LOCAL EXCHANGE COMPANY (LEC)
17 COMMUNICATIONS FACILITIES IN SOUTH CAROLINA ARE ADEQUATE TO
18 SERVE THE STATE'S CONSUMERS?

19 A. No, I do not. The emergence of special access and private line providers in
20 South Carolina (e.g., American Communications Services, Inc.) and nationally
21 (e.g., Teleport Communications Group and Metropolitan Fiber Systems)
22 demonstrates that customers do not find traditional LEC-provided services
23 adequate. The very existence of these companies, along with their success,
24 makes it clear that existing, LEC-provided services are no longer sufficient for
25

1 today's telecommunications customers. Furthermore, the availability of special
2 access and private line services does not constitute wasteful duplication as
3 some have argued in the past. As South Carolina and the United States'
4 economy becomes more information intensive, businesses cannot afford service
5 outages that occur all too frequently with non-diverse networks. Special
6 access and private line providers have emerged as a back-up to LEC-provided
7 facilities and, as a result, have begun to provide the network diversity essential
8 to preventing these crippling service outages.

9 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

10 A. Yes, it does.